

## Senate Bill 553 (Enrolled)

<b>Topic:</b>	Labor Market Information
<b>Sponsor:</b>	Senator Allen
<b>Co-Sponsors:</b>	Senators Schauer and Toy
<b>Committee:</b>	Senator Commerce & Labor House Employment Relations, Training & Safety
<b>Date Introduced:</b>	May 31, 2005
<b>Date Passed Senate:</b>	June 29, 2005
<b>Date Passed House:</b>	September 29, 2005
<b>Date Enrolled:</b>	Expected on October 4, 2005
<b>Date of Analysis:</b>	September 29, 2005
<b>Position:</b>	The Department of Labor & Economic Growth supports the bill.

**Problem/Background:** The United States Census Bureau was mandated by Congress to develop new information about local labor market conditions utilizing existing data collections. The Local Employment Dynamics (LED) program is a partnership between the Census Bureau and state governments to improve the quality, timeliness, and usefulness of labor market information. The program provides economic data and workforce indicators that are unavailable from any other source. LED utilizes current state wage record information on the wage and employment histories of workers and the industry sectors in which they are employed. When combined with the demographic information from the United States Census Bureau, LED generates current information on employment patterns for specific demographic groups at a local level of geography. Thirty-two states currently participate in the LED program, leaving Michigan at a competitive disadvantage to those states, who can use the program to show businesses interested in locating in their area more detailed labor force information. For Michigan to participate in the LED program, it must be able to share state wage record data with the United States Census Bureau.

**Description of Bill:** The bill amends Section 11 of the Michigan Employment Security Act by adding the United States Census Bureau to the list of entities that the

Unemployment Insurance Agency may share wage record information with. The bill will permit the State of Michigan to participate in the Census Bureau's LED program.

### **Summary of Arguments**

**Pro:** Participation in the LED program will provide employers, units of government, educational institutions, and individual citizens with new tools for economic and workforce development that is currently not available for the State of Michigan. Thirty-one other states currently participate in the LED program, leaving Michigan at a competitive disadvantage. The United States Census Bureau at this point does not charge a fee to states to participate in the LED program...the program is free.

The program offers significant potential for retaining businesses in Michigan and attracting new businesses, because it will significantly improve the quality of the labor market information available to employers. The benefits of the LED program include:

- Identify local industries that are expanding employment.
- Identify earnings for newly hired workers by detailed industry sector
- Identify industries likely to be impacted by the aging workforce.
- Identify the level of jobs created by industry in a region or county.
- Identify labor turnover rates in key industries for specific demographic groups.
- Permit sophisticated mapping of labor sheds, which allows employers to quickly see where in the region their potential labor-force lives.

All of the information from the LED system is available at the county level and can be mapped down to the census tract or block level. Regional reports can be constructed (e.g. workforce board regions or legislative districts). Information on detailed age and gender is available for all indicators; and information is updated quarterly.

**Con:** The LED information is not a picture of "today" but rather about a nine months rear view image because of the

fact that the system utilizes wage record data. It does not provide data that is occupation specific but rather provides industry based information.

**Fiscal/Economic Impact**

**(a) Department:** None

**(b) State:** None

**(c) Local Government:** None

**Other State Departments:** This bill was introduced at the request of the Department of Labor & Economic Growth. Representative Bieda introduced an identical bill in the House (House Bill 4590).

**Any Other Pertinent Information:** The confidentiality of the data is protected by the provisions of Title 13 of the United States Code, which provides strong penalties for publishing or disclosing data that identifies an individual or company. The LED system provides information only in the aggregate form. The United States Census Bureau has provided assurance that no one outside of the Census Bureau, and very few Census staff, will have access to any personally identifiable information.

**Administrative Rules Impact:**

No new or revised rules will be needed.